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DE RUEHAH #1353 3481210
ZNR UUUUU ZZH
P 141210Z DEC 07
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 9882
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUCNCIS/CIS COLLECTIVE PRIORITY
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 3107
RUEHBJ/AMEMBASSY BEIJING PRIORITY 0922
RUEHKO/AMEMBASSY TOKYO PRIORITY 0796
RUEHIT/AMCONSUL ISTANBUL PRIORITY 1372
RHMFIUU/CDR USCENTCOM MACDILL AFB FL PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

UNCLAS ASHGABAT 001353

SIPDIS

SENSITIVE
SIPDIS

STATE FOR SCA/CEN AND EEB; STATE PLEASE PASS TO USTDA DAN
STEIN
ENERGY FOR EKIMOFF/THOMPSON
COMMERCE FOR HUEPER

E.O. 12958: N/A
TAGS: [PREL](#) [PGOV](#) [EPET](#) [TX](#)
SUBJECT: TURKMENISTAN: REPORTS ABOUT LUKOIL/CONOCOPHILLIPS
SIGNING PSA PREMATURE

REF: A. ASHGABAT 1222

[1](#)B. ASHGABAT 1104

[1](#)1. (U) Sensitive but unclassified. Not for public Internet.

[1](#)2. (SBU) On December 12, Moscow's Interfax news agency issued a report, cited to Lukoil board member Richard Matske, that Lukoil had signed an agreement with Turkmenistan to develop three Caspian Sea blocks. The following day, Interfax reported that Lukoil had denied that any agreement has been reached. ConocoPhillips had been scheduled to visit Ashgabat on/around December 13, but the day after the Embassy submitted the company's request for December 13 meetings with Foreign Minister Meredov, Deputy Chairman of the Cabinet of Ministers for Oil and Gas Tagyev and Executive Director for the State Agency for Hydrocarbon Resources Muradov, the company abruptly and without explanation canceled its visit.

[1](#)3. (SBU) COMMENT: As reported ref a, Lukoil/ConocoPhillips originally had hoped to sign at least one PSA for blocks 19, 20 and 21 during Turkmenistan's November 13-15 oil and gas exhibit. The talk on the diplomatic circuit is that no PSA has yet been signed because Lukoil/ConocoPhillips is looking for a revision to Turkmenistan's Petroleum Law that would clearly give the State Agency the authority to sign the PSA. Absent word from Moscow that Lukoil and ConocoPhillips are having differences, Embassy believes that the December 12 Interfax statement might have been premature, and that there may be more than a bit of truth in the rumors that the Petroleum Law is being amended once again. Whether the driver for any new amendments is an effort to strengthen the State Agency's (and Muradov's) authority vis-a-vis the Ministry of Oil and Gas (and Tagyev), as many are suggesting, or the need to change the law to allow for new types of contractual arrangements (ref b) remains to be seen, however.
CURRAN